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July 1, 2002

BY HAND DELIVERY

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, Massachusetts 02110

Re: Fitchburg Gas and Electric Light Company – D.T.E. 98-48/49 - 2002 Update

Dear Ms. Cottrell:

Fitchburg Gas and Electric Light Company (“FG&E” or the “Company”) herewith files an original and eight (8) copies of its 2002 Budget Update (“July 2002 Update”) to its 5-Year Energy Efficiency Plan with the Massachusetts Department of Telecommunications and Energy (“Department”) and Division of Energy Resources (“DOER”). This filing supercedes filings made by the Company on November 1, 2001 and April 25, 2002 in this same docket. As discussed in Section I of the attached document, Introduction/Procedural Background, DOER requested the Company to submit its 2002 programs and budgets in a format more consistent with NStar’s 2002 Energy Efficiency Plan Update, dated April 10, 2002. A draft of this July 2002 Update was submitted for comments to the Parties in FG&E’s Settlement prior to filing and this filing reflects the input of the Parties.

Copies of this filing have been sent to the Settling Parties in this docket and an electronic copy in PDF format has been provided to the Department.

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In this July 2002 Update, FG&E, with the support of the non-utility parties (the "NUPs"),¹ states that it would propose a modification of the shareholder-incentive mechanism, as it relates to the Company's design performance level for energy efficiency programs (see D.T.E. 98-48/49, 2002 Update at 11). Specifically, the Company, the other electric utilities and NUPs, indicated that they would: (1) reach agreement on the incentive calculation and the rate to be used in 2002; (2) propose a performance-based shareholder incentive mechanism for the period 2003 through 2007, and (3) jointly submit their proposal by July 1, 2002. Although the parties are working toward a joint proposal for the Department's consideration, the parties are not yet prepared to make a recommendation. The parties will, however, submit their recommendation as soon as possible.

Based upon discussions with the Hearing Officer, Fitchburg's responses to the Department's First Set of Information Requests served on Fitchburg on July 21, 2002, will be deferred pending the Department's review of this updated filing.

Thank you for your attention to this matter.

Very truly yours,

Meabh Purcell

Enclosures

cc: John Geary, D.T.E., Hearing Officer
Bruce Ledgerwood, Division of Energy Resources
Larry Masland, Division of Energy Resources
Steven Venezia, Esq., Division of Energy Resources
John Manning, Northeast Energy Efficiency Council
Jerrold Oppenheim, Low-Income Energy Affordability Network
Alexander Cochis, Assistant Attorney General
Richard Kennelly, Conservation Law Foundation

¹ The Non-Utility Parties included in these negotiations include: The Conservation Law Foundation; The Energy Consortium; the Low-Income Energy Affordability Network, the Northeast Energy Efficiency Council, and the Associated Industries of Massachusetts.